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HOUSE BILL NO. 1643

Offered January 13, 1999

A BILL to amend and reenact § 2.1-20.1:2 of the Code of Virginia, relating to the health insurance credit for retired state employees; participation in the state health plan.

Patrons—Tate and Stump; Senator: Puckett

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That § 2.1-20.1:2 of the Code of Virginia is amended and reenacted as follows:

§ 2.1-20.1:2. Health insurance credits for retired state employees.

A. The Commonwealth shall ~~pay~~ *provide a credit toward* the cost of health insurance coverage for former state employees, *as defined in § 2.1-20.1, who retired under the Virginia Retirement System, State Police Officers Retirement System, Judicial Retirement System or any retirement system authorized pursuant to § 51.1-126 and who* (i) rendered at least fifteen years of total creditable service under the Retirement System or (ii) rendered service as a temporary employee of the General Assembly in 1972 and became a member of the retirement system from 1972 to 1985 immediately following such temporary service. Notwithstanding the preceding, the Medical College of Virginia Hospitals Authority shall pay the cost of coverage for employees of such Authority who (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to §§ 23-50.16:24.1, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority prior to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and (iii) served no less than fifteen years of creditable service as regularly employed full-time employees of such Authority or the Commonwealth. ~~A~~ *The amount of the credit provided by this section shall be two dollars and fifty cents per year of creditable service, not to exceed a maximum monthly allowance of seventy-five dollars, which amount shall be credited monthly to any retired state employee participating in the state health plan established by § 2.1-20.1 or a personal health insurance plan as provided herein. However, such credit shall not exceed the health insurance premium for retiree-only coverage as provided under such personal health insurance plan. Any retired state employee retired under the provisions of §§ 51.1-156 and 51.1-307 shall receive the maximum credit provided by this section. Any member person included in the membership of a retirement system provided by Chapters 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), or 3 (§ 51.1-300 et seq.) of Title 51.1 who elects to defer his retirement pursuant to subsection C of §§ 51.1-153, 51.1-205 and or 51.1-305 shall (i) be deemed to have retired under the retirement system of which he was a member as of the date of the commencement of his retirement benefits and (ii) shall be entitled to receive the allowable credit provided by this section on the effective date of his retirement.*

B. 1. For those retired state employees participating in the state health plan, such credit shall be applied to the monthly premium deducted from benefits payable to retired state employees in accordance with Chapters 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.) and 3 (§ 51.1-300 et seq.) of Title 51.1. In the event that either no benefit is payable or the benefit payable is insufficient to deduct the entire health care premium, the payment of the credit shall be determined in the manner prescribed by the Virginia Retirement System. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System.

2. For those retired state employees electing not to participate in the state health plan and who purchase an alternative personal health insurance policy from a carrier or organization of his own choosing, such retirees shall be eligible to receive a credit in the amount specified in subsection A. Eligibility for the credit and payment for the credit shall be determined in a manner prescribed by the Virginia Retirement System.

3. ~~A~~ *Except as provided in subdivision 4, a retired state employee who fails to elect to participate in the state health plan within thirty-one days of the effective date of retirement, including deferred retirement under subsection C of §§ 51.1-153, 51.1-205 or 51.1-305, or who, once having elected to participate, discontinues participation, is barred from participating in the state health plan thereafter.*

4. *Any person included in the membership of a retirement system provided by Chapters 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), or 3 (§ 51.1-300 et seq.) of Title 51.1 who (i) rendered at least fifteen years of total creditable service as a state employee as defined in § 2.1-20.1, (ii) failed to elect to participate in the state health plan within thirty-one days of cessation of state service, and (iii) after terminating state service, was employed by a local government that does not elect to provide a health insurance credit under § 2.1-20.1:3 or § 2.1-20.1:4, shall be eligible to participate in the state*

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60 *health plan if such election is made within thirty-one days of cessation of such local government*
61 *employment. Such person shall be eligible for the credit provided by subsection A, whether such person*
62 *participates in the state health plan or purchases an alternative personal health insurance policy,*
63 *commencing upon termination of such local government employment. The Commonwealth shall be*
64 *charged with the cost of the credit as provided for in subsection C.*

65 C. The Virginia Retirement System shall actuarially determine the amount necessary to fund all
66 credits provided by this section to reflect the cost of such credits in the employer contribution rate
67 pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to carry out the
68 provisions of this section. The costs associated with the administration of the health insurance credit
69 program provided for in this section shall be recovered from the health insurance credit trust fund.

70 **2. That any former state employee who has been ineligible to receive the health insurance credit or**
71 **to participate in the state health plan pursuant to § 2.1-20.1:2 of the Code of Virginia as in effect**
72 **prior to the enactment of this act, but would be eligible to receive the health insurance credit or to**
73 **participate in the state health plan pursuant to § 2.1-20.1:2 of the Code of Virginia as amended by**
74 **this act, shall be prospectively entitled to receive the health insurance credit or to participate in**
75 **the state health plan in accordance with the requirements of § 2.1-20.1:2 of the Code of Virginia as**
76 **amended by this act and other applicable law, provided application for the health insurance credit**
77 **or participation in the state health plan, or both, is made by such former employee within 180**
78 **days following the effective date of this act.**